

Shared Ownership Affordability Policy

Responsible Officer	Head of Sales and Marketing
This policy is applicable to	Karbon Homes
Approved by	
Date approved	
Frequency of review	Every 5 years
Date of next review	July 2029
Implementation date	1 st August 2024
Key related documents (policy, procedure, customer literature)	Shared Ownership Allocation Policy
Sources of best practice or guidance used in developing this policy	Homes England – Capital Funding Guide

Version Control

Version (see note 1)	1	Author of Policy:	Sarah Whitworth Interim Head of Sales and Marketing
Equality Impact Assessment (EIA) (see note 2)	Initial/Full	EIA Date:29/07/2024	
Data Protection Impact Assessment (DPIA) (see note 2)	Initial/Full	DPIA Date:29/07/2024	

Document change history

Version	Date	Changed sections

Consultation

Consultation Group (if applicable)	Date of Consultation (if applicable)
Staff	
Union(s)	N/A
Customers	N/A
Human Resources / Organisation Development	N/A
Health and Safety Working Group	N/A
Data Protection	N/A
Other stakeholder (please state)	N/A

Policy statement

Karbon Homes is committed to providing excellent standards of service to its customers. This policy outlines Karbon Homes' approach to allocating New Build Shared Ownership homes, ensuring they are affordable and sustainable for customers.

Risk policy is designed to control

To ensure that Karbon Homes documents its approach and is compliant with regulation/legislation.

Definitions

Shared Ownership – is a scheme to help people become home owners who cannot afford to buy a home on the open market. Through Shared Ownership people can buy a share in the property and pay rent on the remaining share.

Independent Financial Advisor – professionals who offer independent advice on financial matters to customers and recommend suitable financial products, such as mortgages from the whole of the market.

Abbreviations

CPI – Consumer Price Index

RPI – Retail Price Index

1.0 Purpose of policy

- 1.1 We have adopted this policy so that all customers purchasing a shared ownership home meets Homes England affordability guidance as detailed in the Capital Funding Guide. In this way we will act proportionately to ensure that all such purchases are affordable and sustainable to applicants.

2.0 Objectives

- 2.1 To ensure Karbon Homes;
- Allocates new build shared ownership homes in a fair and consistent manner
 - Ensures purchases are affordable and sustainable for customers

3.0 Policy detail

- 3.1 Applications will be stress tested over an initial period of five years, to ensure that buyers can afford not only to meet the rent and other payments due to Karbon Homes at the point of purchase, but also over the forthcoming years as annual rent increases under the shared ownership lease (which will be based upon either CPI or RPI increases) are expected to impact.

Applying this stress testing to their applications, we must be convinced that applicants have a minimum of 10% of their net mortgageable income remaining after all deductions throughout this five-year period.

In addition to this, the mortgage payments should not exceed 30% of the net mortgageable income of the household.

The reason for including the 10% tolerance is that it provides a degree of protection for the customer against possible increased costs or unforeseen circumstances that have not been budgeted for in the application.

Successful assessments must fall within these parameters, and both Karbon Homes and the Independent Financial Advisor must separately give their confirmation to this being their belief prior to the offer to proceed to reservation. Applications that do not fall within these parameters will not be accepted, as we would not deem the purchase to be affordable or sustainable for them.

This policy will apply whether applicants use a Karbon Homes Panel Independent Financial Advisor or choose to use their own separately appointed Independent Financial Advisor. Karbon Homes would always reserve the right to apply the standard affordability calculator to any application received via an Independent Financial Advisor who is not on their panel, if they are not convinced that it has been properly applied in the application.

All income used for the assessments must be considered sustainable. The Independent Financial Advisor will use a list of acceptable income that is regarded as being sustainable, which is based on similar principles to those applied by mainstream mortgage lenders and will form the budget planner. If it falls outside of these categories, and would not be considered acceptable by mainstream lenders, the Independent Financial Advisor may exclude the income from the assessment.

4.0 Customer Vulnerabilities

- 4.1 This policy is applied in line with Our Approach To Vulnerability Policy. Everyone matters. We want people to be treated fairly, have equality of opportunities, freedom, respect, and access to our services. We will offer support, reasonable adjustments, and adaptations to remove barriers. We will discuss with our customers what is reasonable and appropriate. In delivering this service we may need to escalate a particular case – if we do then customer vulnerabilities will be considered as part of the decision-making process.
- 4.2 We will support people with vulnerabilities to deliver this service. We will work alongside external agencies such as social services, the police and fire services and other appropriate agencies to help and support people with vulnerabilities in the delivery of our services but also to ensure we meet our statutory and regulatory requirements as a social landlord. Details are

provided in the appropriate areas this policy. All our customer policies are available on the website.

5.0 Monitoring and Review

- 5.1 This policy will be reviewed every three years. The review will be brought forward if there are significant changes to best practice, regulatory or legislative requirements.

6.0 Equality and Diversity

- 6.1 This policy is applied in line with Karbon's Equality and Diversity Policy and the associated legislation including the Public Sector Equality Duty and Equality Act 2010. At Karbon we aim to eliminate discrimination, promote equality of opportunity, foster good relations and define the nine protected characteristics of age, disability, gender reassignment, marriage or civil partnership, pregnancy or maternity, race, religion or belief, sex, or sexual orientation.
- 6.2 However, we like to go even further. Beyond these protected characteristics we also take into consideration additional factors such as socio-economic status and language barriers which may also play a part. Our vision is for everyone to be treated fairly, have equality of opportunities, freedom, respect and access to our services.
- 6.3 To help us achieve this, we will work to improve accessibility for all, offering reasonable adjustments, adaptations and discussing ways that we can work to remove any barriers. A reasonable adjustment involves making a change to the way that we usually do things.
- 6.4 All of our customer policies and key information are made available on the Karbon Homes website. Reasonable adjustments that can help for example to make our information and services more accessible are sign language and language interpreters. We will work to improve accessibility for everybody that we deal with offering reasonable adjustments, adaptations and discussing ways that we can work to remove barriers that you may experience. A reasonable adjustment involves making a change to the way that we usually do things.
- 6.5 We work together to look at options and agree what adjustments would be reasonable in your individual circumstances. If you would like to find out more please get in touch with the team.

7.0 Data Protection and Privacy

- 7.1 We have a clear policy on data protection and sharing data with other partners/third parties under the requirements of the UK General Data Protection Regulation, the Data Protection Act 2018 and other associated legislation. This is clearly set out in the Data Protection Policy for the Karbon Homes Group which, along with its associated procedures, must be followed throughout the operation of this policy.